GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2159
ANSWERED ON:29.07.2016
Bank Holding Investment Company
Agrawal Shri Rajendra

Will the Minister of FINANCE be pleased to state:

(a) whether the Government proposes to set up a Bank Holding and Investment Company (BHIC) on the lines of P.J. Nayak Committee recommendations reports;

(b) if so, the details thereof and progress made so far by the Government thereon; and

(c) the steps being taken by the Government to improve the performance of the public sector banks in the country?

Answer

The Minister of State in the Ministry of Finance

(a) to (c): The Finance Minister in his Budget Speech 2012-13 had announced that the Government would examine the possibility of creating a financial holding company which will raise resources to meet the capital requirements of Public Sector Banks (PSBs). Since then, Government has taken a number of measures to capitalise PSBs, which include Indradhanush Plan. In Indrahanush Plan the Government has taken a four-year recapitalization program for PSBs under which Rs. 25,000 crore was given last year and another Rs. 25,000 crore has been allocated this year. The PSBs have been allowed to raise capital from Public markets through Follow-on Public Offer (FPO) or Qualified Institutional Placement (QIP) by diluting Government of India holding upto 52% in phased manner based on their capital requirement, their stock performance, liquidity, market conditions etc.
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